DCM
SURPRISINGLY SIMPLE

For Immediate Release

DATA COMMUNICATIONS MANAGEMENT CORP. ANNOUNCES FIRST QUARTER 2022 FINANCIAL RESULTS

Brampton, Ontario – May 10, 2022 – DATA Communications Management Corp. (TSX: DCM; OTCQX: DCMDF) ("DCM" or the "Company"), a leading provider of marketing and business communication solutions to companies across North America, is pleased to report the strongest growth in our business since 2018, with first quarter 2022 revenue up +11.1%, net income up +111% and EBITDA up +28.9%, compared to the first quarter of 2021, respectively. Details of this strong start to fiscal 2022 can be found below.

FIRST QUARTER 2022 HIGHLIGHTS - BUILDING A BIGGER BUSINESS

- Revenue for the first quarter of 2022 was $69.3 million, an increase of 11.1%, compared to $62.4 million in the first quarter of 2021;
- Gross profit was $20.3 million, an increase of 8.1%, compared to $18.8 million in the first quarter of 2021;
- SG&A expenses were $13.6 million, down 8.5%, compared to $14.9 million in the first quarter of 2021;
- Net income was $3.7 million, an increase of 111.0%, compared with $1.8 million in the first quarter of 2021;
- EBITDA equal to Adjusted EBITDA of $9.4 million compared to $7.3 million and $9.3 million, respectively, in the first quarter of 2021, with EBITDA up 28.9% compared to last year; Adjusted EBITDA in the first quarter of 2021 benefited from the add-back of $3.4 million of restructuring expenses and included $1.9 million of government grant income;
- No restructuring expenses or other "adjustments" to EBITDA in the first quarter of 2022. The Company's current outlook anticipates no restructuring charges in the balance of fiscal 2022;
- Note: EBITDA and Adjusted EBITDA are not earnings measures recognized by International Financial Reporting Standards (IFRS), do not have any standardized meanings prescribed by IFRS and might not be comparable to similar financial measures disclosed by other issuers. EBITDA and Adjusted EBITDA should not be construed as alternatives to net income (loss) determined in accordance with IFRS as an indicator of DCM's performance. For a description of the composition of EBITDA and Adjusted EBITDA, why we believe such measures are useful to investors and how we use those measures in our business, together with a quantitative reconciliation of net income (loss) to EBITDA and Adjusted EBITDA, respectively, see the information under the heading "Non-IFRS Measures" and Table 3 of DCM's management's discussion and analysis (MD&A) dated May 10, 2022 for the period ended March 31, 2022;
- Basic and diluted EPS of $0.08 compared with $0.04 in first quarter of 2021; Adjusted EPS in the first quarter 2022 of $0.08, compared to $0.06. Please see "Non-IFRS Measures" and Table 3 below.

FIRST QUARTER 2022 OPERATIONAL HIGHLIGHTS – BUILDING A BETTER BUSINESS

- Continued progress paying down debt; total debt stood at $34.2 million as of March 31, 2022, down an additional 7.7% from December 31, 2021;

- DCM began trading on OTCQX under the symbol “DCMDF.” U.S. investors can find current financial disclosure and Real-Time Level 2 quotes for the company on www.otcmarkets.com. “We believe that trading on the OTCQX Market will provide enhanced visibility for us in the U.S. public markets as well as improved liquidity for our shareholders,” said Richard Kellam, President & Chief Executive Officer of DCM.
- DCM hired Steve Livingstone to lead our Digital Asset Management business. Steve brings an impressive 25 years of experience selling complex enterprise software. Steve’s main focus is moving our +$10 million in ASMBL opportunities through the sales funnel while we continue to focus on our strategic shift from a “print first” to a “digital first” company.

MANAGEMENT COMMENTARY

"As demonstrated by this strong first quarter, with revenue up 11.1% compared to last year, I am very pleased with the accelerated momentum and high levels of client engagement the DCM team is delivering. We expect this positive momentum to continue through 2022,” said Mr. Kellam.

“I am also happy to report our EBITDA of $9.4 million was up 28.6% compared to the first quarter last year of $7.3 million. We had ZERO restructuring expenses this quarter, and no other one-time, non-recurring costs or adjustments. Our current outlook calls for no restructuring expenses throughout the balance of the year. In fact, this is the highest “clean” quarterly EBITDA we’ve reported for many years.”

“We are excited with our positive progress. As we have discussed on every earnings call since I joined, we remain relentlessly focused on continuing to build both a better and a bigger business."

FIRST QUARTER 2022 EARNINGS CALL

The Company will host a conference call and webcast on Wednesday, May 11, 2022, at 9.00 a.m. Eastern time. Mr. Kellam, and James Lorimer, CFO, will present the first quarter 2022 results followed by a live Q&A period.

Instructions on how to access both the webcast and telephone call are available below. For those unable to join live, a replay of the webcast will be available on the DCM Investor Relations page.

DCM will be using Microsoft Teams to broadcast our earnings call, which will be accessible via the options below:

Join on your computer or mobile app
Click here to join the meeting
Or call in (audio only)
+1 647-749-9154,,387296132#   Canada, Toronto
Phone Conference ID: 387 296 132#

The Company’s full results will be posted on its Investor Relations page and on www.sedar.com. A video message from Mr. Kellam will also be posted on the Company’s website.

TABLE 1 The following table sets out selected historical consolidated financial information for the periods noted.

For the periods ended March 31, 2022 and 2021 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*		**January 1 to March 31, 2022**		January 1 to March 31, 2021
				(Restated)
Revenues	**$**	**69,257**	$	62,361
Gross profit		**20,324**		18,793
Gross profit, as a percentage of revenues		**29.3 %**		30.1 %
Selling, general and administrative expenses [(1)]		**13,644**		14,904
As a percentage of revenues		**19.7 %**		23.9 %
Adjusted EBITDA		**9,448**		9,288
As a percentage of revenues		**13.6 %**		14.9 %
Net income for the period		**3,713**		1,760
Adjusted net income		**3,713**		3,216
As a percentage of revenues		**5.4 %**		5.2 %
Basic and diluted earnings per share	**$**	**0.08**	$	0.04
Adjusted net income per share, basic and diluted	**$**	**0.08**	$	0.06
Weighted average number of common shares outstanding, basic		**44,062,831**		43,911,885
Weighted average number of common shares outstanding, diluted		**46,748,077**		45,157,904

(1) Selling, general and administrative expenses ("SG&A") and deferred income tax expense include the impact of the IFRS Interpretations Committee's agenda decision regarding configuration or customization costs in a cloud computing arrangement. Prior periods have been retrospectively restated to derecognize previously capitalized costs in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Refer to note 3 of the condensed interim consolidated financial statements for the period ended March 31, 2022 for further details on the impact of the amended accounting standard.

TABLE 2 The following table provides reconciliations of net income to EBITDA and of net income to Adjusted EBITDA for the periods noted.

EBITDA and Adjusted EBITDA reconciliation

For the periods ended March 31, 2022 and 2021 *(in thousands of Canadian dollars, unaudited)*	**January 1 to March 31, 2022**	January 1 to March 31, 2021
		(Restated)
Net income for the period [(1)]	**$ 3,713**	$ 1,760
Interest expense, net	**1,255**	1,412
Amortization of transaction costs	**87**	145
Current income tax expense	**1,138**	546
Deferred income tax (recovery) expense [(1)]	**487**	(21)
Depreciation of property, plant and equipment	**780**	806
Amortization of intangible assets [(1)]	**408**	445
Depreciation of the ROU Asset	**1,580**	2,239
EBITDA	**$ 9,448**	$ 7,332
Restructuring expenses	**—**	3,407
Other income	**—**	(1,451)
Adjusted EBITDA	**$ 9,448**	$ 9,288

(1) SG&A and deferred income tax expense include the impact of the IFRS Interpretations Committee's agenda decision regarding configuration or customization costs in a cloud computing arrangement. Prior periods have been retrospectively restated to derecognize previously capitalized costs in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Refer to note 3 of the condensed interim consolidated financial statements for the period ended March 31, 2022 for further details on the impact of the amended accounting standard.

TABLE 3 The following table provides reconciliations of net (loss) income to Adjusted net (loss) income and a presentation of Adjusted net (loss) income per share for the periods noted.

Adjusted net income reconciliation

For the periods ended March 31, 2022 and 2021 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*	**January 1 to March 31, 2022**	January 1 to March 31, 2021
		(Restated)
Net income for the period[(1)]	**3,713**	1,760
Restructuring expenses	**—**	3,407
Other income	**—**	(1,451)
Tax effect of the above adjustments	**—**	(500)
Adjusted net income	**3,713**	3,216
Adjusted net income per share, basic and diluted	**0.08**	0.06
Weighted average number of common shares outstanding, basic	**44,062,831**	43,911,885
Weighted average number of common shares outstanding, diluted	**46,748,077**	45,157,904
Number of common shares outstanding, basic	**44,062,831**	43,938,480
Number of common shares outstanding, diluted	**46,748,077**	45,184,499

(1) SG&A and deferred income tax expense include the impact of the IFRS Interpretations Committee's agenda decision regarding configuration or customization costs in a cloud computing arrangement. Prior periods have been retrospectively restated to derecognize previously capitalized costs in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Refer to note 3 of the condensed interim consolidated financial statements for the period ended March 31, 2022 for further details on the impact of the amended accounting standard.

About DATA Communications Management Corp.

DCM is a marketing and business communications partner that helps companies simplify the complex ways they communicate and operate, so they can accomplish more with fewer steps and less effort. For over 60 years, DCM has been serving major brands in vertical markets including financial services, retail, healthcare, energy, other regulated industries, and the public sector. We integrate seamlessly into our clients' businesses thanks to our deep understanding of their needs, transformative tech-enabled solutions, and end-to-end service offering. Whether we're running technology platforms, sending marketing messages, or managing print workflows, our goal is to make everything surprisingly simple.

Additional information relating to DATA Communications Management Corp. is available on www.datacm.com, and in the disclosure documents filed by DATA Communications Management Corp. on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

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For further information, contact

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FORWARD-LOOKING STATEMENTS

Certain statements in this press release constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of DCM, or industry results, to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. When used in this press release, words such as "may", "would", "could", "will", "expect", "anticipate", "estimate", "believe", "intend", "plan", and other similar expressions are intended to identify forward-looking statements. These statements reflect DCM's current views regarding future events and operating performance, are based on information currently available to DCM, and speak only as of the date of this press release. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause the actual results, performance, objectives or achievements of DCM to be materially different from any future results, performance, objectives or achievements that may be expressed or implied by such forward-looking statements. The principal factors, assumptions and risks that DCM made or took into account in the preparation of these forward-looking statements include: the COVID-19 Pandemic has adversely affected, and may continue to adversely effect, our business, operating results and financial condition and this continuing adverse affect could be material; there is limited growth in the traditional printing business, which may impact our ability to grow our sales or even maintain historical levels of sales of printed business communications documents; increases in the cost of, and supply constraints related to, paper, ink and other raw material inputs used by DCM, as well as increases in freight costs, may adversely impact the availability of raw materials and our production, revenues and profitability; our ability to continue as a going concern is dependent upon management's ability to meet forecast revenue and profitability targets for at least the next twelve months in order to comply with our financial covenants under its credit facilities or to obtain financial covenant waivers from our lenders if necessary; we may not be successful in obtaining capital to fund our business plans on satisfactory terms (or at all), including, without, limitation, with respect to investments in digital innovation (such as the development and successful marketing and sale of new digital capabilities), capital expenditures, and potential acquisitions; all of our outstanding indebtedness under our bank credit facility is subject to floating interest rates, and therefore is subject to fluctuations in interest rates; our credit agreements governing our senior indebtedness contain numerous restrictive covenants that limit us with respect to certain business matters, including, without limitation, our ability to incur additional indebtedness, re-pay certain indebtedness, pay dividends, make investments, sell or otherwise dispose of assets and merge or consolidate with another entity; we may not be able to successfully implement our digital growth strategy on a timely basis or at all; competition from competitors supplying similar products and services, some of whom have greater economic resources than us and are well-established suppliers; and our operating results are sensitive to economic conditions, which can have a significant impact on us, and uncertain economic conditions may have a material adverse effect on our business, results of operations and financial condition, including, without limitation, our ability to realize the benefits expected from restructuring and business reorganization initiatives, reducing costs, and reducing and paying our long-term debt. Additional factors are discussed elsewhere in this press release and under the headings "Liquidity and capital resources" and “Risks and Uncertainties” in DCM’s management’s discussion and analysis and in DCM’s other publicly available disclosure documents, as filed by DCM on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this press release as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, DCM does not intend and does not assume any obligation to update these forward-looking statements.

NON-IFRS MEASURES

This press release includes certain non-IFRS measures as supplementary information. Except as otherwise noted, when used in this press release, EBITDA means earnings before interest and finance costs, taxes, depreciation and amortization and Adjusted EBITDA means EBITDA adjusted for restructuring expenses, and one-time business reorganization costs. Adjusted net income (loss) means net income (loss) adjusted for restructuring expenses, onetime business reorganization costs, and the tax effects of those items. Adjusted net income (loss) per share (basic and diluted) is calculated by dividing Adjusted net income (loss) for the period by the weighted average number of common shares of DCM (basic and diluted) outstanding during the period. Adjusted EBITDA as a percentage of revenues means Adjusted EBITDA divided by revenues and Adjusted net income (loss) as a percentage of revenues means adjusted net income (loss) divided by revenue, in each case for the same period. In addition to net income (loss), DCM uses non-IFRS measures and ratios, including Adjusted net income (loss), Adjusted net income (loss) per share, Adjusted net income (loss) as a percentage of revenues, EBITDA, Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues to provide investors with supplemental measures of DCM’s operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. DCM also believes that securities analysts, investors, rating agencies and other interested parties frequently use non-IFRS measures in the evaluation of issuers. DCM’s management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess its ability to meet future debt service, capital expenditure and working capital requirements. Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are not earnings measures recognized by IFRS and do not have any standardized meanings prescribed by IFRS. Therefore, Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA should not be construed as alternatives to net income (loss) determined in accordance with IFRS as an indicator of DCM’s performance. For a reconciliation of net income (loss) to EBITDA and a reconciliation of net income (loss) to Adjusted EBITDA, see Table 3 in the most recent Management's Discussion & Analysis filed on www.sedar.com. For a reconciliation of net income (loss) to Adjusted net income (loss) and a presentation of Adjusted net income (loss) per share, see Table 4 in the Company's most recent Management's Discussion & Analysis filed on www.sedar.com.

Condensed interim consolidated statements of financial position

(in thousands of Canadian dollars, unaudited)

	March 31, 2022	December 31, 2021
	$	$
		(Restated)
Assets		
Current assets		
Cash and cash equivalents	**985**	901
Trade receivables	**53,762**	51,567
Inventories	**15,335**	12,133
Prepaid expenses and other current assets	**2,463**	2,580
Income taxes receivable	**309**	860
	72,854	68,041
Non-current assets		
Other non-current assets	**600**	625
Deferred income tax assets	**4,860**	5,465
Restricted cash	**—**	515
Property, plant and equipment	**7,807**	8,416
Right-of-use assets	**33,198**	33,476
Pension assets	**2,385**	2,531
Intangible assets	**3,634**	4,042
Goodwill	**16,973**	16,973
	142,311	140,084
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	**41,763**	37,589
Current portion of credit facilities	**16,265**	11,743
Current portion of lease liabilities	**6,121**	6,123
Provisions	**1,272**	3,280
Income taxes payable	**1,444**	841
Deferred revenue	**2,465**	3,269
	69,330	62,845
Non-current liabilities		
Provisions	**1,110**	1,196
Credit facilities	**17,246**	24,556
Lease liabilities	**32,728**	32,976
Pension obligations	**6,743**	7,499
Other post-employment benefit plans	**2,996**	2,971
	130,153	132,043
Equity		
Shareholders' equity / (Deficiency)		
Shares	**256,478**	256,478
Warrants	**881**	881
Contributed surplus	**2,847**	2,791
Translation reserve	**160**	173
Deficit	**(248,208)**	(252,282)
	12,158	8,041
	142,311	140,084

Condensed interim consolidated statements of operations

(in thousands of Canadian dollars, except per share amounts, unaudited)	**For the three months ended March 31, 2022**	For the three months ended March 31, 2021
	$	$
		(Restated)
Revenues	**69,257**	62,361
Cost of revenues	**48,933**	43,568
Gross profit	**20,324**	18,793
Expenses		
Selling, commissions and expenses	**7,048**	6,666
General and administration expenses	**6,596**	8,238
Restructuring expenses	**—**	3,407
	13,644	18,311
Income before finance costs, other income and income taxes	**6,680**	482
Finance costs		
Interest expense on long term debt and pensions, net	**691**	718
Interest expense on lease liabilities	**564**	694
Debt modification losses and prepayment fees	**—**	—
Amortization of transaction costs	**87**	145
	1,342	1,557
Other income		
Government grant income	**—**	1,908
Other income	**—**	1,452
Income before income taxes	**5,338**	2,285
Income tax expense		
Current	**1,138**	546
Deferred	**487**	(21)
	1,625	525
Net income for the period	**3,713**	1,760
Other comprehensive income:		
Items that may be reclassified subsequently to net income		
Foreign currency translation	**(13)**	(23)
	(13)	(23)
Items that will not be reclassified to net income		
Re-measurements of pension and other post-employment benefit obligations	**479**	1,256
Taxes related to pension and other post-employment benefit adjustment above	**(118)**	(318)
	361	938
Other comprehensive income for the period, net of tax	**348**	915
Comprehensive income for the period	**4,061**	2,675
Basic earnings per share	**0.08**	0.04
Diluted earnings per share	**0.08**	0.04

Condensed interim consolidated statements of cash flows

(in thousands of Canadian dollars, unaudited)	**For the three months ended March 31, 2022**	For the three months ended March 31, 2021
	$	$
		(Restated)
Cash provided by (used in)		
Operating activities		
Net income for the period	**3,713**	1,760
Items not affecting cash		
Depreciation of property, plant and equipment	**780**	806
Amortization of intangible assets	**408**	445
Depreciation of right-of-use-assets	**1,580**	2,239
Interest expense on lease liabilities	**564**	694
Share-based compensation expense	**56**	316
Pension expense	**109**	119
Loss on disposal of intangible assets	**—**	8
Loss on disposal of property, plant and equipment	**11**	—
Provisions	**—**	3,407
Amortization of transaction costs and debt modification losses	**87**	145
Accretion of non-current liabilities and capitalized interest expense	**(33)**	(190)
Other post-employment benefit plans expense	**68**	59
Income tax expense	**1,625**	525
	8,968	10,333
Changes in working capital	**(1,885)**	4,147
Contributions made to pension plans	**(240)**	(241)
Contributions made to other post-employment benefit plans	**(43)**	(23)
Provisions paid	**(2,094)**	(2,924)
Income taxes refund (paid)	**16**	(720)
	4,722	10,572
Investing activities		
Purchase of property, plant and equipment	**(213)**	(83)
Purchase of intangible assets	**—**	(122)
Proceeds on disposal of property, plant and equipment	**31**	—
	(182)	(205)
Financing activities		
Decrease in restricted cash	**515**	—
Proceeds from credit facilities	**101**	—
Repayment of credit facilities	**(2,943)**	(7,191)
Repayment of promissory notes	**—**	(176)
Lease payments	**(2,129)**	(2,993)
	(4,456)	(10,360)
Change in Cash during the period	**84**	7
Cash and cash equivalents – beginning of period	**901**	578
Effects of foreign exchange on cash balances	**—**	14
Cash and cash equivalents – end of period	**985**	599